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**Comptroller General
of the United States**

**United States General Accounting Office
Washington, DC 20548**

Press Statement
April 30, 2002
Report of the Commercial Activities Panel

The current competitive sourcing system needs to be changed to better balance taxpayer interests, government needs, employee rights, and contractor concerns, according to a report prepared by a panel headed by David M. Walker, Comptroller General of the United States, head of the U.S. General Accounting Office (GAO), and chair of the Commercial Activities Panel.

The Commercial Activities Panel was established in compliance with a mandate in the FY 2001 defense authorization act, which called for the Comptroller General to convene a panel of experts to study the policies and procedures governing the transfer of commercial activities for the federal government from government personnel to federal contractors, focusing on procedures for conducting public-private competitions under OMB Circular A-76.

After a year-long study, including public hearings conducted in and outside of Washington, the panel unanimously agreed on a set of ten principles which it believes should guide sourcing decisions by the federal government. These principles include, among others, linking sourcing decisions with agency missions, avoiding arbitrary numerical goals, ensuring fairness throughout the process, and choosing service providers based on quality as well as cost.

Based on these principles, the panel concluded that the current system for making sourcing decisions, including the A-76 process, needs to be changed. "In order to promote a more level playing field on which to conduct public-private competitions, the government needs to shift, as rapidly as possible, to a process based on the Federal Acquisition Regulation (FAR) under which all parties compete using the same set of rules," the panel recommended. The panel called for applying the new "integrated competition process" to a broad range of activities, including those currently performed by federal employees and by contractors, as well as new work. The panel also recommended a limited number of changes to the A-76 process. In addition, the panel recommended steps to encourage high-performing organizations throughout the federal government, independent of the use of public-private competitions.

The 132-page report, issued April 30, includes an analysis of the current sourcing system, and an evaluation of that system against the sourcing principles developed by the panel. The panel concluded that modified FAR acquisition and source selection process would be preferable to the current A-76 process since the FAR process is well known and understood by all participants and is viewed as being fair, transparent, and providing for reasonable

accountability. The panel did, however, recommend that both the Office of Management and Budget (OMB) and GAO report to the Congress on the actual experience relating to the new process during a two-year period. All of the panel's findings and recommendations were adopted by at least a two-thirds supermajority.

During its year-long study, the panel held eight meetings and three public hearings in Washington, Indianapolis, and San Antonio. It also established a page on GAO's Internet site (<http://www.gao.gov/a76panel/index.html>) where it posted information about its meetings and texts of various background papers prepared by GAO, OMB, and Department of Defense. The text of the panel's final report can also be found on the GAO website by clicking on the Commercial Activities link on the GAO homepage (<http://www.gao.gov>).

In addition to Comptroller General Walker, the panel's members include Pete Aldridge, under secretary of defense for acquisition, technology, and logistics; Frank A. Camm, senior economist, RAND; Mark Filteau, president, Johnson Controls Worldwide Services; Stephen Goldsmith, senior vice president, Affiliated Computer Services; Bobby L. Harnage, Sr., national president, American Federation of Government Employees; Kay Coles James, director, Office of Personnel Management; Colleen M. Kelley, national president, National Treasury Employees Union; former Senator David Pryor; Stan Z. Soloway, president, Professional Services Council; Angela B. Styles, administrator, Office of Federal Procurement Policy, OMB; and Robert M. Tobias, distinguished adjunct professor and director of the Institute for the Study of Public Policy Implementation, American University.